
IN THE
United States Court of Appeals
FOR THE NINTH CIRCUIT

Appeal No. 15,111

DICK E. STEARNS AND THE D. E. STEARNS COMPANY,
a partnership composed of Dick E. Stearns and
Ellen Belson Stearns, *Appellants,*

v.

TINKER & RASOR, a corporation
JOHN PATRICK RASOR and LEO H. TINKER, *Appellees*

PLAINTIFFS-APPELLANTS' BRIEF
ON SECOND APPEAL

FILED

AUG 21 1956

Of Counsel:
BROWNING, SIMMS & HYER
RALPH R. BROWNING
JAMES B. SIMMS
3303 Montrose Boulevard
P. O. Box 6026
Houston 6, Texas

PAUL P. O'BRIEN, CLERK

H. CALVIN WHITE
611 Wilshire Boulevard
Los Angeles 17, California
*Attorney for Plaintiffs-
Appellants*

SUBJECT INDEX

	PAGE
I. STATEMENT OF THE PLEADINGS AND HISTORY OF THE LITIGATION	1
A. JURISDICTION	3
B. THE PARTIES	3
II. STATEMENT OF THE CASE	4
A. THE CONCISE ABSTRACT OF THE FACTS	4
B. THE ISSUES	9
III. SPECIFICATION OF ERRORS	11
A. STATEMENT OF POINTS OF APPEAL	11
B. CERTAIN OF TRIAL COURT'S FINDINGS OF FACT	14
Findings of Fact Pertaining to Infringement of Claim 1	14
Findings of Fact Pertaining to Indefiniteness of Claim 1	16
Findings of Fact Pertaining to Claim 7	16
Findings Pertaining to Indefiniteness of Claim 7	17
Findings Regarding Misuse (46 to 60, inclusive, R. IV, p. 926 to 929)	18
SUMMARY OF ARGUMENT	19
THE ISSUE OF INFRINGEMENT RESOLVES ITSELF TO A QUESTION OF LAW, THERE BEING NO MATERIAL FACTS IN DISPUTE	19
CLAIM 1 IS INFRINGED BECAUSE DEFENDANTS' HOLIDAY DETECTOR MEETS THE TWO CRITERIA OF INFRINGEMENT:	
1) THE INVENTION HAS BEEN APPROPRIATED, AND	
2) THE CLAIM LANGUAGE READS DIRECTLY ON DEFENDANTS' DETECTORS	20

A MEANS PLUS A FUNCTION IN A PATENT CLAIM, BY STATUTE, IS TO BE CONSTRUED AS COVERING THE STRUCTURE SHOWN IN THE PATENT AND THE "EQUIVALENT THEREOF"; THE TRIAL COURT FAILED TO FOLLOW THIS RULE OF CONSTRUCTION IN HOLDING CLAIM 1 INDEFINITE IF BROAD ENOUGH TO COVER DEFENDANTS' HOLIDAY DETECTOR

21

CLAIM 7 IS ADMITED NOT TO BE RESTRICTED TO A WHEELED ROLLER (Finding of Infringement by Model A) AND THE SUBSTITUTION OF A FLEXIBLE WIRE CONNECTION BETWEEN THE PUSHER BEARING AND CARRIAGE DOES NOT AVOID INFRINGEMENT ON THE BASIS OF FULL MECHANICAL EQUIVALENCE—

A. THE CLAIM IS ENTITLED TO A BROAD RANGE OF EQUIVALENCE COMMENSURATE WITH ITS PIONEER STATUS IN THE ART

B. APPLICATION OF RULE OF EQUIVALENCE DOES NOT MAKE CLAIM INDEFINITE

21

IT IS NOT A MISUSE OF THE PATENT FOR STEARNS TO LEASE ONLY WHOLE HOLIDAY DETECTORS AND NOT ENGAGE IN A PARTS BUSINESS

22

THERE IS NO EVIDENCE TO SUPPORT THE CONCLUSION THAT STEARNS **REFUSES** TO MAKE AVAILABLE ITS ELECTRODE, PUSHER AND CARRIAGE EXCEPT AS A COMPLETE HOLIDAY DETECTOR

23

A REFUSAL TO DO BUSINESS IS NOT A TIE-IN IN THE LEGAL SENSE THAT HAS BEEN CONDEMNED BY THE COURTS. INSTEAD, THE COURTS HAVE CONDEMNED THE **DOING** OF BUSINESS UPON A TIE-IN BASIS

23

STEARNS' LICENSING PROGRAM, IN EXACTING A ROYALTY OF \$250.00 FOR THE PRACTICE OF THE INVENTION FOR EIGHT YEARS, IS BOTH REASONABLE AND LEGAL

23

ARGUMENT

24

III

PAGE

A. CLAIM 1 IS INFRINGED BECAUSE DEFENDANTS' HOLIDAY DETECTOR MEETS THE TWO CRITERIA OF INFRINGEMENT:

- 1) THE INVENTION HAS BEEN APPROPRIATED AND
- 2) THE CLAIM LANGUAGE READS DIRECTLY ON DEFENDANTS' DETECTORS

24

The Language of Claim 1 is Generic—It is the Function of the Claims to Measure the Invention

27

The Patent Specification Contains No Disclaimer of Wheelless Pushers

28

The Broad Language of a Generic Claim Should Not Be Construed to Include the Limitation of a More Specific Claim

31

The File Wrapper Discloses the Plain Intent of the Patent Office and Stearns to be That Claim 1 is Generic and Not Limited to Wheeled Pushers

32

Stearns' Early Experiments with a Block Pusher are Indicative of the Breadth of the Invention as Including Non-Wheeled Pushers

34

A MEANS PLUS A FUNCTION IN A PATENT CLAIM, BY STATUTE, IS TO BE CONSTRUED AS COVERING THE STRUCTURE SHOWN IN THE PATENT AND THE "EQUIVALENCE THEREOF"; THE TRIAL COURT FAILED TO FOLLOW THIS RULE OF CONSTRUCTION IN HOLDING CLAIM 1 INDEFINITE IF BROAD ENOUGH TO COVER DEFENDANTS' HOLIDAY DETECTOR

37

CLAIM 7 IS ADMITTED NOT TO BE RESTRICTED TO A WHEELED ROLLER (Finding of Infringement by Model A) AND THE SUBSTITUTION OF A FLEXIBLE WIRE CONNECTION BETWEEN THE PUSHER BEARING AND THE CARRIAGE DOES NOT AVOID INFRINGEMENT ON THE BASIS OF FULL MECHANICAL EQUIVALENCE

38

CLAIM 7 IS ENTITLED TO BROAD RANGE OF EQUIVALECE

41

IV

	PAGE
APPLICATION OF RULE OF EQUIVALENCE DOES NOT RENDER CLAIM INDEFINITE . . .	42
IT IS NOT A MISUSE OF THE PATENT FOR STEARNS TO LEASE ONLY WHOLE HOLIDAY DETECTORS AND NOT ENGAGE IN A PARTS BUSINESS	42
THERE IS NO EVIDENCE TO SUPPORT THE CON- CLUSION THAT STEARNS REFUSES TO MAKE AVAILABLE ITS ELECTRODE, PUSHER AND CARRIAGE EXCEPT AS A COMPLETE HOLIDAY DETECTOR	45
A REFUSAL TO DO BUSINESS IS NOT A TIE-IN IN THE LEGAL SENSE THAT HAS BEEN CON- DEMNED BY THE COURTS. INSTEAD, THE COURTS HAVE CONDEMNED THE DOING OF BUSINESS UPON A TIE-IN BASIS	47
STEARNS' LICENSING PROGRAM, IN EXACTING A ROYALTY OF \$250.00 FOR THE PRACTICE OF THE INVENTION FOR EIGHT YEARS, IS BOTH REASONABLE AND LEGAL	48
CONCLUSION	51

TABLE OF CASES

CASES

Baker-Cammack Hosiery Mills, Inc. v. Davis Co., C.A. 4, 1950, 181 F. 2d 550; Cert. Denied, 340 U.S. 824; 95 L. Ed. 605	31
E. Bement & Sons v. National Harrow Co., 186 U.S. 70 at 91; 46 L. Ed. 1058, at 1069	50
Bianchi, et al. v. Barili, C.A. 9, 1948, 168 F. 2d 793, at 799, 800	25, 39
Cardox Corporation v. Armstrong Coal Break Co., C.A. 7, 1952, 194 F. 2d 376	45
Continental Paper Bag Co. v. Eastern Paper Bag Company, 210 U.S. 405, at 418; 52 L. Ed. 1122, at 1128	27, 41
Cutter Laboratories, Inc. v. Lyophile-Cryochem Corpora- tion, et al., C.A. 9, 1949, 179 F. 2d 80, 87, 89	33, 39

V

CASES	PAGE
Electric Pipe Line, Inc. v. Fluid Systems, Inc., C.A. 2, 1956, 231 F. 2d 370	43
Graver Tank Co. v. Linde Air Products Co., 339 U.S. 605, 607; 94 L. Ed. 1097, 1101	38, 39
Great Lakes Equipment Co. v. Fluid Systems, Inc., C.A. 6, 1954, 217 F. 2d 613, at 616, 619	31, 43
Hildreth v. Mastoras, 257 U.S. 27, at 36; 66 L. Ed. 112, at 117	41
Hunter Douglas Corp. v. Lando Products, Inc., C.A. 9, 1954, 215 F. 2d 372, at 376	47
Kemart Corp. v. Printing Arts Research Laboratories, Inc., C.A. 9, 1953, 201 F. 2d 624, at 627, 629, 633	19, 25, 31
Kennedy, et al. v. Trimble Nurseryland Furniture, Inc., C.A. 2, 1938, 99 F. 2d 786, at 788	32
Kwikset Locks, Inc. v. Hillgren, C.A. 9, 1954, 210 F. 2d 483, at 488, 489; Cert. Denied, 348 U.S. 855; 99 L. Ed. 673 ..	19
Matthews v. Koolvent Metal Awning Co., C.A. 5, 1946, 158 F. 2d 37, at 38	19
Leo J. Meyberg Co. v. Eureka Williams Corporation, C.A. 9, 1954, 215 F. 2d 100; Cert. Denied, 348 U.S. 875; 99 L. Ed. 689	47
Miller v. Eagle Mfg. Co., 151 U.S. 186, at 207; 38 L. Ed. 121, at 131	41
Morley Sewing Machine Co., et al. v. Lancaster, 129 U.S. 263, at 273; 32 L. Ed. 715, at 719	41
Nelson Radio & Supply Co., Inc. v. Motorola, Inc., C.A. 5, 1952, 200 F. 2d 911, at 915; Cert. Denied, 345 U.S. 925; 97 L. Ed. 1356	47
Ry-Lock Company, Ltd. v. Sears, Roebuck & Co., C.A. 9, 1955, 227 F. 2d 615, at 618; Cert. Denied, 350 U.S. 987; 100 L. Ed. 353	25, 39
Sanitary Refrigerator Co. v. Alexander F. Winters, 280 U.S. 30, at 36; 74 L. Ed. 147, at 153	19
Stearns v. Tinker & Razor, D.C. 108 F. Sup. 237	1
220 F. 2d 49	1, 2, 5, 6, 25, 49
Cert. Denied, 350 U.S. 830; 100 L. Ed. 55	2
Stuart Oxygen Co., Ltd. v. Josephian, C.A. 9, 1947, 162 F. 2d 857, at 859, 861	19, 25, 27
Topliff v. Topliff, 145 U.S. 156; 36 L. Ed. 658, at 664	25
United States v. Colgate & Co., 250 U.S. 300, at 307; 63 L. Ed. 992, at 997	47
United States v. General Electric Co., 272 U.S. 476, 489; 71 L. Ed. 362, at 370	50, 51
United States v. Robert Esnault-Pelterie, 303 U.S. 26, at 30; 82 L. Ed. 625, at 629	20

VI

CASES	PAGE
Vulcan Mfg. Co. v. Maytag Co., C.A. 8, 1934, 73 F. 2d 136, at 138, 139	43, 48, 51
Whitaker v. Todd, C.A. 3, 1916, 232 F. 714	32

TABLE OF STATUTES	
Title 28, U.S.C., Section 1291	3
Title 28, U.S.C., Section 1338(a)	3
Title 35, U.S.C., Section 112 ..	10, 12, 16, 17, 21, 37
Title 35, U.S.C., Section 154	50
Revised Statute 4888	27

CONSTITUTIONAL PROVISION	
Art. I, Section 8	44

APPENDIX

	EXHIBIT
Claim 1 of Stearns Patent 2,332,182	A
Claim 7 of Stearns Patent 2,332,182	B
Patent Drawings of Stearns Patent 2,332,182	C
Drawing of Defendants' Holiday Detector	D
Stearns Lease Agreement	E
Stearns' License to Make and Sell	AA
Stearns' License to Make and Use or Lease	BB

IN THE
United States Court of Appeals
FOR THE NINTH CIRCUIT

Appeal No. 15,111

DICK E. STEARNS AND THE D. E. STEARNS COMPANY,
a partnership composed of Dick E. Stearns and
Ellen Belson Stearns, *Appellants*,
v.

TINKER & RASOR, a corporation
JOHN PATRICK RASOR and LEO H. TINKER, *Appellees*

**PLAINTIFFS-APPELLANTS' BRIEF
ON SECOND APPEAL**

**I. STATEMENT OF THE PLEADINGS AND
HISTORY OF THE LITIGATION**

This cause is here on appeal for the second time.¹ The cause was tried upon the issues developed by the Second Amended Complaint (R. I, p. 3)², filed by Dick E. Stearns

¹ This Court's prior opinion is reported at 220 F. 2d 49; the Trial Court's first opinion is reported at 108 F. Sup. 237—the second Trial Court decision is not reported.

² Throughout this brief the printed record is referred to by the abbreviation "R" followed by the appropriate volume number, and "p" followed by the appropriate page number.

and The D. E. Stearns Company, conveniently called "Stearns throughout this brief, seeking a judgment for patent infringement with respect to claims 1 and 7 of United States Letters Patent No. 2,332,182 (R. III, pp. 753-761), owned by Stearns, as against Leo H. Tinker, John Patrick Razor, and Tinker & Razor, a corporation, conveniently called "Defendants" in this brief. Defendants filed their Answer and a Counterclaim (R. I, p. 6). The answer asserts as defenses invalidity, non-infringement, and misuse. The counterclaim seeks declaratory relief of non-infringement and invalidity of the patent claims and a judgment against Stearns for unfair competition in asserting its patent, and for misusing its patent.

Following the trial, the District Court (Judge Westover) entered an opinion (R. I, p. 18), Findings of Fact and Conclusions of Law (R. I, p. 25) and a Final Judgment against Stearns (R. I, p. 32), dismissing the complaint on the ground that claims 1 and 7 of the Stearns patent were invalid as not constituting invention over the prior art. This Final Judgment was appealed and this Court reversed, holding that Stearns was an "innovator, not a follower" (220 F. 2d 49) and that claims 1 and 7 were not invalid for want of invention. The case was remanded for further proceedings.

Defendants petitioned the Supreme Court of the United States for Writ of Certiorari, which was denied, 350 U.S. 830; 100 L. Ed. 55. Whereupon, Judge Westover, pursuant to this Court's mandate, set the case down for oral argument and thereupon again held against Stearns, dismissing the Second Amended Complaint and sustaining the Defendants' Counterclaim (F. of F.³, R. IV, p. 915). The Judgment was

³ The abbreviation F. of F. in this brief designates "Findings of Fact" of the Trial Court.

modified upon motion of Stearns to allow Stearns costs upon the first appeal pursuant to the mandate and to dismiss the Counterclaim as no damage was shown to Defendants (Order, R. IV, p. 932; Final Judgment, R. IV, p. 933). The Final Judgment now appealed from dismissed the Second Amended Complaint and the Counterclaim.

This last Judgment held in effect that the Stearns patent is so limited as to not be infringed except for four holiday detectors manufactured and sold by the individuals and not enforceable as to these because of Stearns' misuse of its patent.

A. Jurisdiction

The jurisdiction of the Trial Court was not contested and was based upon the Patent Laws of the United States, namely, Section 1338(a) of Title 28 of the United States Code. The jurisdiction of this Court over this appeal is based upon Section 1291 of Title 28 of the United States Code, and is believed to be uncontested.

B. The Parties

The Plaintiff, Dick E. Stearns, of Shreveport, Louisiana, is the inventor named in the patent in suit, and is one of the partners of the Plaintiff-Appellant, The D. E. Stearns Company, the other partner being Ellen Belson Stearns, of Whittier, California. By stipulation, the title to the patent in suit is acknowledged to reside in the partnership, together with the right to collect for all damages for past infringement (R. I, pp. 95-96).

Leo H. Tinker and John Patrick Rasor are each individuals residing in the Southern District of California, and, in 1948, originated a business dealing in holiday detectors,

which they subsequently incorporated and now carry on in the name of the Defendant-Appellee, Tinker & Rasor, a California corporation. The individuals Tinker and Rasor are the sole stockholders of the corporation and its President and Secretary-Treasurer, respectively, (R. II, pp. 399-400).

II. STATEMENT OF THE CASE

A. The Concise Abstract of the Facts

The patent involved relates to an instrument known as a "holiday detector", used to detect flaws in insulating coatings, for example, coal tar or asphalt enamel, applied to the outside of metal pipelines to protect them against corrosion. Such flaws or defects are termed "holidays". The effectiveness of the coating in preventing corrosion depends, to a large extent, upon its being impervious to ground moisture.

The pipeline industry has found such coatings to be one of the most effective methods of protecting its multi-million dollar investments in steel pipelines against corrosion. These coatings are non-conductors of electricity.

The holiday detector utilizes the insulating quality of the coating to electrically inspect it. The holiday detector is an instrument for generating high voltage (10,000 to 15,000 volts) with a means for impressing this voltage across the coating between the pipeline itself serving as one electrode and a traveling or exploring electrode. The exploring electrode is a part of the instrument and is moved progressively along the length of pipeline. If a holiday is encountered, electric current flows through the holiday between the pipe and the exploring electrode. The current flow operates a signaling system which is a part of the instrument and indicates a flaw or holiday.

Pertinent figures of the Stearns patent drawings and claims 1 and 7 are to be found in the appendix to this brief as Exhibits C, A and B respectively. For convenient comparison the drawings have been colored and the claims written in outline form with a color key added corresponding to the colors used on the drawings.

The invention of the Stearns patent is concerned with the exploring electrode and the means for propelling it and connecting it electrically into the electrical inspection circuit. It is quite well set out in this Court's first opinion, 220 F. 2d 49. This Court, in holding claims 1 and 7 patentably distinguished over the prior art, summarized Stearns' position as to the invention as follows:

" . . . They point out, as the keystone of a different cooperation of the elements, that in the new combination the coiled spring electrode is detached from any frame, is supported only by the pipe, and, most importantly, it rolls as it inspects the coated pipe. The results are, they say, that the electrode at all times completely embraces the coated pipe in operation so that no part of the coating will be skipped, the electrode is always free in operation to change its form to conform to changes in the contour of the pipe, and the electrode rolls so readily and easily that by the very nature of its movement it will not pull away from the coating." 220 F. 2d 49, at 53.

The prior opinion characterized the Stearns invention, thusly:

" . . . The elements of the Stearns combination do functionally operate differently in the combination than they did in their old surroundings. As we have determined, the spring electrode for the first time in its use in holiday detectors is rolled, instead of being dragged." 220 F. 2d 49, at 57.

The Stearns invention was distinguished, in the opinion, from the earlier work of Mudd and Harrell:

"... But though they were outstanding workers in the holiday detector field, they failed to solve the problem because their detectors, like all others theretofore devised, employed a frame which supported the contact elements in such manner that the frame could and did pull part of the contact elements away from the pipe coating. Stearns solved the problem, basically, by abandoning the frame and using the pipe alone to support the electrode. Stearns was an innovator, not a follower." 220 F. 2d 49, at 57.

The individual Defendants Leo H. Tinker and John Patrick Rasor initiated their holiday detector business in the spring of 1948 (R. II, pp. 466-467). These individuals formed the corporate Defendant, Tinker & Rasor, October 6, 1948 (R. II, p. 405). Prior to forming the corporation, the individual Defendants, at the request of one of Stearns' customers (R. II, pp. 404 and 475), made and sold one Model A detector and three Model B detectors. The Model A detector, which the Court held infringed claim 7 (F. of F. 14, R. IV, p. 918); had a wheelless sleeve bearing pusher that was rigidly attached to the carriage (R. II, pp. 471-472). The Model B detectors had wheeled pushers attached to the carriage, and were held to infringe claims 1 and 7 (F. of F. 14, R. IV, p. 918; R. II, pp. 473-474; Stipulation, R. I, p. 288). As to these machines, there is no issue of infringement.

The issue of infringement arises as to the detectors made, sold and leased by the corporate Defendant, Tinker & Rasor, which incorporated changes made upon advice of counsel (R. II, p. 475). One of Defendants' Model C-3 detectors was introduced by Stearns into evidence and Stearns'

case of infringement was made out as to this detector (Physical Exhibit, Plfs' Ex. 26-A, 26-B and 26-C; F. of F. 13(a) R. IV, p. 917). As to this detector, the Trial Court said it gets "exactly the same result, rotation of the spring pushed along the pipe" (R. IV, p. 967).

An illustrative drawing of this machine is attached to the appendix of this brief as Exhibit D. For convenient comparison corresponding parts of Defendants' instrument have been colored to correspond with the color key applied to the patent drawings and breakdown of claims 1 and 7, Exhibits C, A and B, respectively, of the appendix.

Defendants' Model B machine was described in a Stipulation which constitutes nearly a word picture of the Stearns patent drawings (R. I, p. 286, and R. II, p. 298). Reference to the drawing (Exhibit D of Brief) shows Defendants, in their Model C-3, substituted the wand with the semi-sleeve wheelless bearing for the wheeled pusher of their Model B machine. The infringement issue as to claim 1 revolves about this substitution of the semi-sleeve bearing for the roller bearings of Stearns' pusher. As to claim 7, the issue revolves about the substitution of the flexible connection between the pusher and the carriage for Stearns' rigid connection.

Defendants introduced evidence of other holiday detector models made by them subsequent to the filing of the Complaint herein. Stearns contends such detectors which have the pusher and electrode of the type of Plaintiffs' Exhibit 26-A and 26-C infringe claim 1 of the Stearns patent. Mr. Razor testified all models were so equipped (R. II, p. 452). Where the models also have carriages for riding the pipe, claim 7 is urged as infringed.

Stearns' method of doing business was held to be a misuse of its patent. Stearns leases holiday detectors. Stearns

does not offer its detector for sale except in foreign commerce and it does not engage in a parts business except for repair of Stearns' holiday detectors. It is this business policy that has been held to constitute the first facet of misuse of the Stearns patent on the basis that the patent covers only part of the detector and therefore unpatented parts of it are tied-in to the patented parts in the rental of only whole detectors.

The lease agreement (Exhibit E in appendix of Brief) contains no tie-in clauses and does not require the lessee to use any Stearns detectors. The agreement merely sets out the terms of rental of such machines that are ordered by the lessee. It does not require anything of the lessee except payment of rentals and payment for unusual damage to the machine. It does not prevent the lessee from at any time purchasing, leasing or using holiday detectors of any other make, or parts thereof. In other words, there is no tie-in provision, tying the rental of Stearns' holiday detectors to any other goods or material.

The second facet of the misuse holding is concerned with Stearns' licenses. Stearns grants licenses under the Stearns patent. These were offered to Defendants (Defs.' Ex. AA and BB in appendix of Brief R. II, p. 448). The license of Exhibit AA grants the right to make and sell holiday detectors and the license of Exhibit BB grants the right to make and use or lease holiday detectors. The license, in each agreement, calls for a paid-up royalty for the life of the patent of \$250.00. Any party desiring a license may obtain a license under either or both forms.

Neither license agreement limits the licensee in any way as to the equipment or its source that may be made, used, sold

or leased under it. There is no tie-in of any material with Stearns or other requirement except to pay money royalty to Stearns and to attach a license plate to the machine used under the license as evidence of the license.

Mr. Razor testified that in the Defendant corporation's business its established rental rate for holiday detectors would return the price of the royalty in approximately one month. At that time, the royalty would then be paid up for more than eight years, or until October 19, 1960, when the Stearns patent expires (R. II, p. 466). (Razor testified in April, 1952). Mr. Razor also understood that under the terms of the license a customer of the licensee, after paying \$250.00, could use the machine for the life of the patent and "could replace the parts of that combination as many times as he wished during the life of the patent" without paying additional royalty (R. II, p. 462). The machine itself can be replaced if destroyed or worn out.

The Court held in effect that these licenses because of the quantum of the royalty had the effect of requiring the licensees to adopt and adhere to the policy of offering only complete holiday detectors to its customers, thereby restraining competition in holiday detector parts. This is the second facet of the holding of misuse (F. of F. 60, R. IV, p. 929).

B. The Issues

The issues of infringement and misuse both rest upon facts as to which there is no substantial dispute and therefore resolve themselves into questions of law to be determined by this Court.

The issues are:

1. As to claim 1:

- (a) Should the clause "*means rotatably engaging etc.*"⁴ be construed as though it had been written—rotatable means engaging etc.—and thus restricted to rollers or wheels for bearings and not be infringed by Defendants' semi-sleeve bearings?
- (b) If broad enough to cover Defendants' holiday detector, is the means clause of claim 1 indefinite under Title 35, U.S.C., Section 112?

2. As to claim 7:

- (a) Is claim 7 entitled as a matter of law to a range of equivalents to encompass Defendants' holiday detector wherein the pusher is connected to the carriage by a flexible electric conduit which permits some relative movement between the pusher and carriage, but where in use the pusher is held by the operator adjacent to the carriage and the two are pushed along the pipeline together, translating a longitudinal movement of the pusher and carriage into a rolling movement of the electrode?
- (b) Does construction of claim 7 to give it such a range of equivalents render it indefinite?

3. The question of misuse of the patent by Stearns has two facets:

⁴ ". . . and means rotably engaging and forming a movable electrical contact with said spring at a position remote from the surface of said member for connecting said spring to a high voltage testing circuit and for rolling said spring along such elongated member."

- (a) Is the inventor of a machine which is patented obligated as a matter of law to sell or to lease a skeleton made up of only the parts specifically described in the combination claim or may he legally and properly restrict his business to the lease of whole machines?
- (b) Does Stearns' licensing program constitute a misuse of the patent because the royalties are based on the right to practice the invention for the life of the patent, and
 - (1) Would the licensing program be a misuse even if its inevitable effect was to require licensees to offer only complete holiday detectors, which is not admitted but is denied?

III. SPECIFICATION OF ERRORS

A. Statement of Points on Appeal

1. The Trial Court erred in construing claim 1 of the Stearns patent 2,332,182 to be restricted in its scope by:

- (a) The wording of the claim itself,
- (b) The specification of the patent including the drawings, or
- (c) The file wrapper of the patent;

to apparatus employing wheels or rollers engaging the coiled spring electrode for rolling it and electrically connecting it to a high voltage testing circuit and to therefore not be infringed by Defendants' devices exemplified by Plaintiffs' Exhibit 26-A, 26-B and 26-C in which the pusher wand utilizes an inverted U-shaped bearing in place of wheel or

roller bearings for accomplishing said two functions; where this restricted construction was not required by the prior art and where the Court of Appeals in finding the claim patentably distinguished over the prior art did not adopt or resort to said restricted construction.

2. The Trial Court erred in the construction of claim 1 of the Stearns patent 2,332,182 in not finding, relative to Defendants' detector Plaintiffs' Exhibit 26-A, 26-B and 26-C, that Defendant' semi-sleeve type bearing (well known equivalent of the roller bearings in the Stearns Patent) fully met that portion of the claim commencing with

" . . . and means rotatably engaging and forming a movable electrical contact with said spring at a position remote from the surface of said member for connecting said spring to a high voltage testing circuit and for rolling said spring along such elongated member."

and thus infringes the claim under the rules of construction of means clauses in patent claims provided by Title 35, U.S.C., Section 112, which reads in part:

"An element in a claim for a combination may be *expressed as a means* or step for performing a specified function without the recital of structure, * * * and such claim *shall be construed to cover* the corresponding structure, * * * described in the specification *and equivalents thereof*." (Emphasis added)

3. The Trial Court erred in construing the broad generic recitation in claim 1 of patent 2,332,182 of:

"Means rotatably engaging * * * with said spring * * * for rolling said spring along such elongated member"

to be restricted to wheels or rollers, thus implying the limitation of rollers recited in claims 2, 3, 4, 5, 6 and 8 and holding the claim not infringed by Defendants' detector because of this "implied" limitation.

4. The Trial Court erred in dismissing the Second Amended Complaint herein and in not holding that Defendants had infringed claim 1 of Stearns patent 2,332,182 by making, using, leasing and selling their holiday detectors which incorporate pushers and electrodes exemplified by Plaintiffs' Exhibit 26-A and 26-C, respectively.

5. The Trial Court erred in construing claim 7 as restricted by the element

"an electrode pusher and contactor carried by and electrically insulated from said platform"

to holiday detectors having a pusher arm which is a

"solid, rigid, immovable structure mechanically carried by and moving with the carriage"

so as to thereby not encompass Defendants' detector of Plaintiffs' Exhibit 26-A, 26-B and 26-C in which the wand 26-A is carried by the carriage 26-B by means of the flexible electrical cable, as the full structural and functional equivalent.

6. The Trial Court erred in not ruling that Defendants' holiday detector, Plaintiffs' Exhibit 26-A, 26-B and 26-C, is the full mechanical equivalent of the detector defined in claim 7 of Stearns patent 2,332,182 and therefore infringes said claim.

7. The Trial Court erred in its holding that claims 1 and 7 of the Stearns patent 2,332,182 are "invalid for

failure to particularly point out and distinctly claim the invention" if they are construed to cover the device manufactured by Defendant Tinker & Razor, exemplified by Plaintiffs' Exhibit 26-A, 26-B and 26-C.

8. The Trial Court erred in its holding that the Plaintiffs are not entitled to relief for the infringement of claims 1 and 7 of its patent 2,332,182 because Plaintiffs' method of doing business and/or licensing program as they relate to the patent, constituted a misuse of the patent by employing it to monopolize and to restrain competition in unpatented materials.

B. Certain of Trial Court's Findings of Fact

There is no substantial dispute between the parties as to the facts of this case, but certain conclusions are drawn in the Court's Findings of Fact which are contested and which are the basis of the Court's holding. Further, the Court erred in not comparing in its findings the Defendants' holiday detectors with the Stearns invention in determining infringement or lack of infringement. Due to their multiplicity (60 in number) the findings will be discussed in groups.

Findings of Fact Pertaining to Infringement of Claim 1:

Findings 16 to 35 (R. IV, p. 918 to p. 924) relate to this issue. The only issue is the interpretation to be given a written instrument (Stearns patent and claim 1), which is the function of the Court. Finding 20 (R. IV, p. 920) correctly states the issue to be whether the clause "and

means rotably engaging etc.”⁵ means rollers or wheels because if this language limits the claim to “rollers”, then it, of course, would not be infringed by Defendants’ holiday detector utilizing the sleeve bearing pusher.

Finding of Fact 35 (R. IV, p. 924) contains the key to the error of the Trial Court in construing “means rotably engaging” as though it had been written—rotatable means engaging—. It concludes non-infringement upon three points which are:

- A. “Pushers without wheels or rollers are disclaimed on the face of the Stearns patent”.
- B. “The Stearns patent on its face contemplates no alternative to a wheeled pusher”.
- C. “By amending claim 1 to recite a wheeled pusher Stearns disclaimed and abandoned all other structures except as set forth in claim 1”.

These conclusions are without any support either in the preceding specific findings or in the record. For example, Point A is not supported by findings such as 26 and 27 (R. IV, p. 922) which are based on a statement in the patent that “wheels 68 and 69 must rotate easily”. This doesn’t say—you must use wheels—. This is clearly no disclaimer of pushers without wheels.

Point B of finding 35 ignores the fact that both claims 1 and 7 do not recite wheels or rollers. This both contemplates and claims an alternative pusher.

⁵ “ . . . and means rotably engaging and forming a movable electrical contact with said spring at a position remote from the surface of said member for connecting said spring to a high voltage testing circuit and for rolling said spring along such elongated member.”

Point C of finding 35 presupposes that "means rotatably engaging" is a recitation of a wheeled pusher and ignores the file wrapper which clearly shows the words "rotatably engaging" were added by amendment to distinguish from the prior art of Clarvoe, Dye, Bensett and Lenz by specifying that the spring electrode was free to rotate.

Thus, the Conclusions of Law IV, V, VI, and X are not supported by proper findings of fact and are based upon improper construction of written instruments (Conclusions, R. IV, p. 930).

*Findings of Fact Pertaining to
Indefiniteness of Claim 1:*

Findings 36 and 37 (R. IV, p. 924) in effect legally conclude that if the words "means rotatably engaging" are broad enough to include bearings other than wheels or rollers it is invalid as failing to "particularly point out and distinctly claim the invention". As a matter of law, this is contrary to the statutory construction to be given a means clause.⁶ The sleeve bearing of Defendants is the full equivalent of the roller bearings of the Stearns patent drawings.

Thus, Conclusions of Law VII and X are not supported by fact or law (R. IV, p. 931).

Findings of Fact Pertaining to Claim 7:

These include Findings 38 through 45, inclusive (R. IV, pp. 925 to 926). The finding of non-infringement is based

⁶ Title 35, U.S.C., Section 112:

"An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

upon the conclusion of Finding 43 (R. IV, p. 926), wherein the Court concludes Defendants' holiday detectors "do not do the same work in substantially the same way and do not accomplish the same result", and therefore are not the equivalent of the pusher and carriage of claim 7. There are no findings of any *facts* of difference in the work, the manner of its performance, or the result. Certain findings relating to the difference in the mechanical form of the connections in Defendants' and Stearns' holiday detectors in nowise support the conclusion that Defendants' detectors "do not do the same work in substantially the same way and do not accomplish the same result".

Thus, Conclusions of Law IV, V, VI and X, as applicable to claim 7, are contrary to law and fact (R. IV, p. 930).

*Findings Pertaining to Indefiniteness
of Claim 7:*

Finding 45 (R. IV, p. 926) concludes that if claim 7 is construed broadly enough to cover Defendants' detector (Plaintiffs Exhibit 26-A, 26-B and 26-C) it is invalid as failing to particularly point out and distinctly claim the invention "because it would cover something not disclosed or taught". The conclusion gives *no* range of equivalency to the claim whereas the invention, as determined by the Court of Appeals on the first appeal is entitled to a broad range of equivalency from the standpoint of rolling the electrode while connecting it electrically to the high voltage circuit. 35 U.S.C. 112.

Thus, Conclusions of Law VII and X, as applied to claim 7, are contrary to law and fact (R. IV, p. 931).

Findings Regarding Misuse (46 to 60, inclusive, R. IV, pp. 926 to 929)

The Stearns "product" is correctly set out in Finding 46 (R. IV, p. 926) to be a "holiday detector". The holding of misuse is predicated upon Stearns' refusal to enter into a parts business selling only the skeleton made up of the carriage, pusher and electrode of this product separately from the remainder of the "holiday detector" (F. of F. 51, 53 and 54, R. IV, p. 926). There is no finding of any tie-in of any materials in Stearns' leasing policy, however, the leasing of complete holiday detectors is erroneously labeled a tie-in of the parts of the whole. No case has ever held this and there are several cases to the contrary. Such a doctrine, if it is allowed to become law in this Circuit, will render illegal substantially all of the manufacturing business conducted in the Circuit.

Stearns' leasing of whole detectors is not a "refusal" to sell parts where there is no evidence of a market for a carriage, pusher and electrode skeleton without the electrical apparatus.

Another facet of the holding of misuse is based on Stearns' licensing program interpreting the paid-up royalty for the life of the patent as being a royalty on the sale or lease of each machine, contrary to the plain wording of the licenses (F. of F. 57 to 60, inclusive, R. IV, p. 929; Defs'. Ex. AA and BB in appendix of Brief), and Rasor's testimony of his understanding of the licensing program (Rasor, R. II, p. 458 to p. 466). As a matter of law, it would not be misuse even if licensees were driven to sell or lease only complete holiday detectors. A license can legally be limited to a partial use, but Stearns' are not.

There is no evidence that such is the "inevitable" effect of Stearns' licenses.

Thus, Conclusions of Law III and X are not supported by law or fact (R. IV, p. 930).

SUMMARY OF ARGUMENT

This case presents the grossly unfair picture of an outstandingly ingenious, successful inventor, who has been adjudicated by the Court of Appeals to be an innovator not a follower, but whose patent on remand has been "so precisely read, the range of equivalence so narrowly confined, that piracy is rewarded for the cunningness of its dissimulation and the patentee is robbed of the fruits of his invention".⁷

The Issue Of Infringement Resolves Itself To a Question Of Law, There Being No Material Facts In Dispute

In this Circuit, the law is well established that where, as here, there is no material fact at issue, the question of infringement resolves itself into a matter of law for examination by the Court of Appeals. The construction of claims 1 and 7 and the comparison of the claims with Defendants' structure is all that is involved.

Stuart Oxygen Co., Ltd. v. Josephian, 162 F. 2d 857, 859;

Kemart Corp. v. Printing Arts Research Laboratories, Inc., 201 F. 2d 624, 627;

Kwikset Locks, Inc. v. Hillgren, 210 F. 2d 483, at 488, 489; Cert. Denied, 348 U.S. 855; 99 L. Ed. 673;

Sanitary Refrigerator Co. v. Alexander F. Winters, 280 U.S. 30, 36; 74 L. Ed. 147, 153;

⁷ Quote from Judge Hutcheson's opinion in *Matthews v. Koolvent Metal Awning Co.*, 158 F. 2d 37, at 38, C.A. 5, 1946.

United States v. Robert Esnault-Pelterie, 303 U.S. 26, 30; 82 L. Ed. 625, 629.

(This section is fully treated in summary and will not be discussed in main argument.)

Claim 1 Is Infringed Because Defendant's Holiday Detector Meets The Two Criteria Of Infringement:

- 1) The Invention Has Been Appropriated, And
- 2) The Claim Language Reads Directly On Defendants' Detectors

The Trial Court made no formal finding of fact comparing the Defendants' holiday detector with the invention as determined by the Court of Appeals. However, at the hearing on remand, the Trial Judge's comments characterized Defendants' holiday detector as "fundamentally a copy" of the Stearns device (R. IV, p. 958). A mere visual comparison of Exhibit D, attached to this brief, with the drawings of the patent in suit (Exhibit C) illustrates the correctness of the Trial Court's characterization and the completeness of Defendants' appropriation of the Stearns' invention. Such differences as do exist between Stearns' and Defendants' detectors having for their only purpose a technical avoidance of infringement, adopted upon advice of counsel (R. II, p. 475).

As written in the claim, "rotatably" modifies "engaging", but as construed by the Trial Court it modifies "means". This rewriting of the claim is not warranted as a matter of law and it is contrary to the patent specification; the intent of the Patent Office and the patentee as reflected in the file wrapper; and Stearns' knowledge as shown by his early experiment that a wheeled pusher was not an essential of the invention.

A Means Plus A Function In A Patent Claim, By Statute, Is To Be Construed As Covering The Structure Shown In The Patent And The "*Equivalent Thereof*"; The Trial Court Failed To Follow This Rule Of Construction In Holding Claim 1 Indefinite If Broad Enough To Cover Defendants' Holiday Detector

Congress has specifically authorized the statement of an element in a claim by means followed by the function to be performed "without the recital of structure", 35 U.S.C. 112. Congress likewise specified in this statute the rule for construing such claims. Under this statute there is no place for a ruling that claim 1 is indefinite if broad enough to cover Defendants' detectors, because there is no "recital of structure" (F. of F. 36, R. IV, p. 924). The only question under the statute is the equivalency of roller bearings and a sleeve bearing on the pusher. Roller bearings and sleeve bearings are notoriously known to be full equivalents. There is no finding of fact to the contrary.

Claim 7 Is Admitted Not To Be Restricted To A Wheeled Roller (Finding of Infringement By Model A) And The Substitution Of A Flexible Wire Connection Between The Pusher Bearing And Carriage Does Not Avoid Infringement On The Basis Of Full Mechanical Equivalence -

- A. The Claim Is Entitled To A Broad Range Of Equivalence Commensurate With Its Pioneer Status In The Art**
- B. Application Of Rule Of Equivalence Does Not Make Claim Indefinite**

The doctrine of equivalents has come into the patent law to prevent the unjust usurpation of the true invention of a patent by a ruse of substitution of one element for

another which does not change the basic mode of operation and the results obtained.

The Stearns invention has been adjudicated by the Court of Appeals to be an outstanding development in the holiday detector field and one wherein the inventor was an innovator and not a follower.

This generic invention is entitled to a broad range of equivalents to embrace Defendants' Model C-3 detector where the flexible cable connecting the pusher and carriage doesn't substantially change the operation of the device. The carriage and pusher are still propelled down the pipe with a longitudinal movement that is translated into a rolling movement of the electrode. The means, the function and the result are substantially the same.

It Is Not A Misuse Of The Patent For Stearns To Lease Only Whole Holiday Detectors And Not Engage In A Parts Business

Stearns' business of leasing only whole machines and making parts available only for the repair of its machines is not a misuse of its patent. It would not be even if Stearns *refused* to lease the carriage, pusher and electrode without the remainder of the electrical apparatus. The courts have refuted this exact contention of a basis for misuse. However, Stearns denies having ever made such refusal.

Stearns' lease contains no tie-in clause and the Trial Court made no finding of an illegal tie-in of the usual or classical sense. It was a legal misnomer for the Trial Court to call the lease of whole machines a "tie-in" of the parts of the whole. It has no basis in logic or law.

There Is No Evidence To Support The Conclusion That Stearns Refuses To Make Available Its Electrode, Pusher And Carriage Except As A Complete Holiday Detector

Defendants wholly failed to prove Stearns refused to make available its electrode-pusher-carriage combination without the electrical apparatus. While Stearns admitted he didn't sell parts except for his own machines, there is no evidence of the existence of a commercial demand for parts for machines of other manufacturers. There is no evidence that Stearns ever refused to sell the electrode-pusher-carriage combination or that anyone ever offered to buy one.

The parts list of Defendants for each of its models and visual inspection of the holiday detectors, which are physical exhibits, demonstrate the special design of the parts for holiday detectors of different types. Even in Defendants' own operations, its several models each have their own parts designations and requirements.

A Refusal To Do Business Is Not A Tie-In In The Legal Sense That Has Been Condemned By The Courts. Instead, The Courts Have Condemned The Doing Of Business Upon A Tie-In Basis

It is not admitted that Stearns has refused to sell holiday detector parts but even if this were true, the Courts have not held it an improper restraint on trade for a party to refuse to do business but rather have held that the illegal practice is *the doing of business* upon the extraction of the agreement not to use equipment or supplies of others.

Stearns' Licensing Program, In Exacting A Royalty Of \$250.00 For The Practice Of The Invention For Eight Years, Is Both Reasonable And Legal

The only thing that the Trial Court found wrong with Stearns' licensing program was that the paid-up royalty of

\$250.00 for the operation of one holiday detector for the life of the patent was too high. The illegality of the too high royalty is said to be that it would drive licensees to deal only in whole holiday detectors (F. of F. 60, R. IV, p. 929). A patentee has the right to grant licenses upon any reasonable basis and the payment of money only, regardless of how high, has never been held unreasonable. Certainly \$31.25 per year, for the practice of an invention as valuable as Stearns', is not unreasonable. (The patent had over eight years to run at the time of the trial.)

Instead of unlawfully restraining trade, this licensing program constitutes a relinquishment of a part of Stearns' rights under the patent upon a most reasonable basis.

ARGUMENT

A. Claim 1 Is Infringed Because Defendants' Holiday Detector Meets The Two Criteria Of Infringement:

- 1) The Invention Has Been Appropriated, And
- 2) The Claim Language Reads Directly On Defendants' Detectors

The issue of infringement of claim 1 revolves about the interpretation to be given to the words "means rotatably engaging" and the correctness of the Trial Court's construction of this phrase as if it had been written—rotatable means engaging—, so that "rotatably" modifies "means" instead of "engaging" as it appears in the claim.

It is axiomatic in patent law that to determine infringement the *invention* must be looked to and the alleged infringing device compared with the *invention*. This is true because a claim must be construed so as to give meaning to the actual invention or advance in the art.

Topliff v. Topliff, 145 U.S. 156; 36 L. Ed. 658, 664;
Bianchi et al. v. Barili, C. A. 9, 1948, 168 F. 2d 793, 799;
Stuart Oxygen Co., Ltd. v. Josephian, C. A. 9, 1947,
 162 F. 2d 857, 861;
*Kemart Corp. v. Printing Arts Research Laboratories,
 Inc.*, C. A. 9, 1953, 201 F. 2d 624, 629;
Ry-Lock Company, Ltd. v. Sears, Roebuck & Co.,
 C. A. 9, 1955, 227 F. 2d 615, 618; Cert. Denied,
 350 U.S. 987; 100 L. Ed. 353.

The District Court in its 60 findings of fact made no comparison of the invention of the Stearns patent with Defendants' holiday detectors. In fact, the sole finding of fact dealing with the invention in anywise is finding of fact 12, (R. IV, p. 917) which reads:

"There is invention in the device of the Stearns patent."

When the Stearns invention, as determined by this Court on the first appeal, is compared with the Defendants' holiday detector, it is immediately apparent that the invention has been fully appropriated (Plfs'. Physical Ex. 26-A, 26-B and 26-C; Drawing Exhibit D in the appendix of this brief).

This Court stated in the opinion on the first appeal (at page 57 of 220 F. 2d):

" . . . The elements of the Stearns combination do functionally operate differently in the combination than they did in their old surroundings. As we have determined, the spring electrode for the first time in its use in holiday detectors is rolled, instead of being dragged."

Defendants have not contended that their spring doesn't roll and, to the contrary, their expert witness Peterson

frankly described the action of the spring electrode as "The spring element rolls along the pipe" (R. II, p. 544).

The District Judge at the hearing on remand characterized Defendants' detector as "fundamentally a copy" of Stearns: (R. IV, p. 958)

"Mr. Gregg: The question is, what was the invention.

"The Court: Well, it doesn't make any difference what the invention was if you have copied it. It seems to me that here is fundamentally a copy."

The District Judge compared the difference in *form* between Defendants' and Stearns' detectors and pointed out to Defendants' counsel that they get exactly the same result "rotation of the spring pushed along the pipe" (R. IV, p. 967):

"... The defendants have come around and used the same thing. They have made one change. That is, instead of having the pusher attached permanently to the carriage and attached by means of wheels underneath the tongue, the defendants have used a rod which is connected with the pusher by a wire, and instead of using wheels, they have used a flat surface. *They get exactly the same result, rotation of the spring pushed along the pipe.*"

The invention as determined on the first appeal did not turn on the presence of "wheels" or "rollers" on the pusher. The construction the Trial Court placed upon the phrase "means rotatably engaging" as though it had been written—rotatable means—is not supported by the opinion of this Court on the first appeal in determining invention and is inconsistent with its own characterization of Defendants' detector as "fundamentally as copy" of Stearns'. The Dis-

strict Court erred in not comparing the Defendants' holiday detector with the invention and finding infringement as a matter of law because it "is fundamentally a copy". The wand with its sleeve bearing is obviously a means. It in fact engages the spring electrode to roll it so the engagement is—rotatable—. It gets "exactly the same result, rotation of the spring pushed along the pipe" (Trial Court, R. IV, p. 967). There is no dispute for the frank testimony of Defendants' expert Peterson fully compares the rotatable engagement of Defendants' sleeve bearing with the spring to that of the Stearns pusher and spring. He was in full agreement that in each case the translation of the longitudinal movement of the pusher to the rolling movement of the spring takes place through their respective engagements (R. II, pp. 544 and 545).

*The Language Of Claim 1 Is Generic—
It Is The Function Of The Claims To Measure
The Invention*

It is the established rule of law in determining infringement that the function of the claims is to measure the bounds of the invention and to delineate the scope of the protection of the patent. The patent is not to be limited to the preferred embodiment that the statute required Stearns to show in the patent drawings (Revised Statute 4888). *Continental Paper Bag Co. v. Eastern Paper Bag Company*, 210 U.S. 405, 418; 52 L. Ed. 1122, 1128. The following quotation from the *Continental Paper Bag* case appears in *Stuart Oxygen Co., Ltd. v. Josephian*, C. A. 9, 162 F. 2d 857, at 861:

"An inventor must describe what he conceives to be the best mode, but he is not confined to that. If this were not so most patents would be of little worth.

'The principle of the invention is a unit, and invariable; the modes of its embodiment in the concrete invention may be numerous and in appearance very different from each other'. 2 Robinson, Patents Sec. 485."

Claim 1, construed in accordance with this rule, cannot have its broad recitation of "means rotatable engaging" narrowed to encompass only wheeled pushers.

The narrow construction applied by the Trial Court was not based on the prior art, but rather upon a highly technical reasoning that the patent specification and file wrapper estoppel disclaim wheelless pushers. These must be looked to, to weigh the correctness of the Court's construction.

Contrary to the Court's finding that the patent specification does not contemplate a different structure than that shown in the patent drawings, claim 1 itself, which by law controls, is broader than a wheeled pusher and contrasts with claims 2 to 6, inclusive, and 8, which recite rollers. It clearly contemplates the inclusion of a pusher means which "rotatably" engages the spring to form a movable electrical contact and to roll the spring along the pipe.

The Patent Specification Contains No Disclaimer Of Wheelless Pushers

The patent drawings show only the preferred pusher with wheels. However, the specification emphasizes that the drawings of the patent are illustrative only and show only "certain embodiments of the invention" when it stated:

"Other objects and advantages of this invention will become apparent from the following description taken in connection with the accompanying drawings, wherein are set forth by way of illustration and ex-

ample certain embodiments of this invention." (Pg. 1, Col. 2, of Stearns patent, lines 14-19, R. III, p. 758)

One of the very objects of the invention is stated to be the provision of a "novel means", not—a wheeled pusher—. The object reads:

"Another object is to provide a novel means for moving such electrode along the pipeline." (Pg. 1, Col. 2, lines 12 and 13, Stearns patent, R. III, p. 758).

In addition, the specification describes the pushers shown in the drawings broadly, as a "means", when it states:

". . . which has means for providing electrical contact with and propelling the exploring electrode as will be presently described." (Pg. 2, Col. 2, lines 1-4, Stearns patent, R. III, p. 759).

The above excerpts give a broad characterization of the invention. They appear in the patent specification in the explanation of the *principle* and *are consonant with* the generic recitation of claim 1. These excerpts precede the detailed description of the particular embodiments of the pusher shown in the drawings, upon which the Trial Court based its construction of a disclaimer of all but wheeled pushers.

The Trial Court's construction is not based *on the four corners* of the patent but rather is predicated upon a few words of one paragraph describing Fig. 15 of the drawings (F. of. F. 25, 26 and 27, R. IV, p. 922). Reference to the entire paragraph shows that the patentee was only complying with the statute which requires an exact description

of the preferred form of the invention.⁸ The paragraph, with the language of the Trial Court's findings of fact italicized, reads:

"It has been found that under many circumstances, the use of wheels 46 and 47 is unnecessary and under such circumstances these are omitted as shown in Fig. 15. In this figure, the brackets 66 and 67, which correspond to the brackets 38 and 39, are not provided with a means for mounting wheels such as 46 and 47. They are provided, however, with mountings for wheels 68 and 69, corresponding to the wheels 44 and 45, which wheels are adapted to engage on opposite sides of the electrode 56 and provide electrical contact therewith, as well as to move said electrode along the pipe. When the wheels 46 and 47 are employed, it will be seen that they tend to rotate the wheels 44 and 45 and that rotation of these wheels is transmitted by friction to the electrode 56 tending to rotate the same as well as to push it forward. Where the wheels 46 and 47 are not employed, as in Fig. 15, the knurling 55 may be omitted so that the wheels 68 and 69 might be perfectly smooth if desired. *Wheels 68 and 69 must rotate easily to cause proper propulsion of the electrode while permitting it to rotate.*" (Pg. 3, Col. 1, lines 4-27 of Stearns patent, R. III, p. 760).

⁸ "Before any inventor * * * shall receive a patent * * * he * * * shall file in the Patent Office a written description of the same, * * * in such full, clear, concise, and exact terms as to enable any person skilled in the art or science to which it pertains * * * to make, construct, compound, and use the same; and in the case of a machine, he shall explain the principle thereof, and the best mode in which he has contemplated applying that principle * * *; and he shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery. * * *".

The italicized portion is manifestly no disclaimer. Further, it does not state that—wheels must be used—. Instead it states that where used they “must rotate easily”. The holding of disclaimer is another instance of rewriting the language of the patent to suit the Defendants’ purpose.

For this language to disclaim all but wheeled pushers would be a variance from the language of claim 1 and a forfeiture. Equity abhors a forfeiture and the obscure recitation of the operation of wheels 68 and 69 cannot assume the importance of a disclaimer to limit the generic recitation of claim 1, whose statutory function it is to limit the invention. To place such emphasis upon this statement is outside any established rule of construction of any written instrument.

The Broad Language of a Generic Claim Should Not Be Construed to Include the Limitation of a More Specific Claim

To rewrite the claim language to change “means rotatably engaging” to—rotatably means engaging—ignores the fact that claim 1 differs in scope from claim 2 of the patent substantially only in that claim 2 is specific to rollers where claim 1 calls for “means rotatably enaging”. It is the established rule of construction that a specific limitation of one claim cannot be implied to the broader language of a generic claim.

Great Lakes Equipment Company v. Fluid Systems, Inc., C. A. 6, 1954, 217 F. 2d 613, at 616;
Kemart Corp. v. Printing Arts Research Laboratories, Inc., C. A. 9, 1953, 201 F. 2d 624, at 633;
Baker-Cammack Hosiery Mills, Inc. v. Davis Co., C. A.

4, 1950, 181 F. 2d 550; Cert. Denied, 340 U.S. 824;
95 L. Ed. 605;

Kennedy et al. v. Trimble Nurseryland Furniture, Inc., C. A. 2, 1938, 99 F. 2d 786, 788;

Whitaker v. Todd, C.A. 3, 1916, 232 F. 714.

This universal rule of construction is clearly stated by the Second Circuit in *Kennedy et al. v. Trimble Nurseryland Furniture, Inc.*, C. A. 2, 1938, 99 F. 2d 786, 788, wherein it stated:

“ * * * We have said that a court ‘should never interpret a positively recited generic expression as limited to the precise instrumentality disclosed by the patent, except where such narrow interpretation is necessary to distinguish the claim from the prior art.’ *International Banding Machine Co. v. American Bander Co.*, 2 Cir., 9 F. 2d 606, 608. Where a patent contains both a broad and a narrow claim and the suit is brought on the broad claim, the court will not read into the broad claim a limitation not therein expressed but which is expressed in the narrower claim; to do so would be changing the contract between the public and the patentee.”

*The File Wrapper Discloses The Plain Intent Of
The Patent Office And Stearns To Be That Claim 1
Is Generic And Not Limited To Wheeled Pushers*

The file wrapper of the prosecution of the Stearns application which became the Stearns patent in suit shows that the phrase “means rotatably engaging” in claim 1 is entitled to its fullest generic meaning. Original claim 3 of the application became claim 1 of the patent (File Wrapper, Defs’. Physical Ex. L).

To obtain allowance of the claim, Stearns amended it to emphasize the rolling character of the spring electrode. The remarks of counsel accompanying the amendment pointed out that the amendment made it clear the spring was free to rotate and roll whereas in the prior patents the spring electrodes were held against such rotation. With this amendment and explanation, claim 1 of the patent was allowed. This is in accord with the generic meaning of the claim that "rotatably" modifies "engaging" and not "means".

The amendment was the addition of "rotatably engaging and" and also "and for rolling said spring along such elongated member." The remarks of the attorney are:

"Claim 3 has been amended to specify that the means forming the movable electrical contact with the spring rotatably engages the spring and rolls the spring along the the elongated member which is being tested. It is pointed out that in neither of the patents to Lenz, Dye, or Bensett is the coiled member capable of rotation along the member which is to be tested and in no case is it mounted so that it could be rotated or rolled along such member. In each case, the means which engages the coiled member would hold it against any substantial rotation. It is, therefore, respectfully submitted that claim 3 should be allowed over the patent to Clarvoe, taken with the three patents above referred to." (Pgs. 25 and 26 of File Wrapper, Physical Exhibit, Defs'. Ex. L).

The rule is that the argument of counsel in the file wrapper of a patent "can be used to affirm a construction, *permissible by the wording of the claims*, as according with the intentions of the inventor and the Patent Office" (emphasis ours). *Cutter Laboratories, Inc. v. Lyophile-Cryochem Corporation et al.*, C. A. 9, (1949), 179 F. 2d 80, 87.

This argument in the file wrapper and the fact that "rotatably" modifies "engaging" instead of "means", leaves no doubt as to Stearns' and the Patent Office examiner's intention that claim 1 of the patent was restricted *only* to an engagement which permitted the spring electrode to roll, while electrically energized. That is what the claim says, that is what was intended, that was the novel concept determined on the first appeal, and that is what Defendants' structure does.

*Stearns' Early Experiments With A Block Pusher
Are Indicative Of The Breadth Of The Invention
As Including Non-Wheeled Pushers*

Stearns' first experiments in rolling a coiled spring electrode were made with a wheelless pusher having stationary bearings for "rotatably engaging" the electrode. A drawing of this is to be found in the record, Volume III, page 762, as Defendants' Exhibit B. This pusher was devised by Stearns several months prior to the filing of his patent application. It fully demonstrated the rolling coiled spring electrode principle of the Stearns invention.

Both Stearns and W. A. Nowlin testified as to these first experiments. Nowlin was the machinist who made the spring end connectors and the pusher block for Stearns (Nowlin, R. I, p. 214-215; Stearns, R. I, p. 89-90).

Stearns testified that while the block type pusher would be suitable for operation where the pusher is held by hand that he preferred an integrated machine in which the pusher is mounted on the wheeled carriage as a part thereof and for this integrated machine, the block pusher was not as satisfactory as the wheeled pusher which he developed.

This preferred embodiment is what he showed in his patent drawings and has continued to use as his commercial machine. Stearns testified as follows:

"Q. Was such a device made?

A. Yes. Mr. Nowlin made the pusher for me and then he fashioned (typographical error corrected) two parts, each of which fitted into the opposite ends of the spring and screwed into the wires on the end.

Q. What did you do with that?

A. Well, we finished it up rather late and took it down to the pipe yard there at the Latex Station, put it on the pipe, snapped the spring onto the pipe and connected the spring together at its ends and I took the pusher and held it in my hand and put it down over the top of the spring, held my breath, and pushed on it and the spring rolled, and we rolled it up and down the pipe for quite a while.

Q. What did you do when you pushed on it for quite a while and it rolled, the spring?

A. I observed the action of the spring, the action of the connector and looked underneath to see what was going on at the bottom of the pipe, looked at the sides and noted whether or not the spring followed along together and whether there was any slipping, any slipping motion, and I particularly noted that, with the hand pusher block down over the top of the spring, that each time you reversed direction of the spring, that is going from forward to backward motion, that there was a break in contact between the spring and one of the metal contacts on either side, whichever it might be, and then decided that there would have to be some means of articulation furnished.

If you are going to fasten a pusher onto a carriage frame and make it as an integrated holiday

detector, that was important, because in changing the direction, the breaking was made between the electrode and the pusher contact that would cause a spark to occur and get a registration of the light and bell signal which would be false.

Q. Would that be true if the device was to be used, not as an integral part of the machine, but as a separate pusher?

A. Well, there would probably be enough misalignment on the pusher so that where the body furnishes articulating means of connecting to it, that it wouldn't break.

Q. By 'body' you mean the body of what?

A. I mean the body of an individual handling it, the human being. But in a device where the pusher was fastened on to the carriage, there had to be some means of articulation between the electrical and mechanical contact of the electrode so that when you reversed direction there would be no break in contact between the pushing element and the controlling electrode, and so that when the carriage tipped up and down over irregularities in the surface of the pipe, that they would not bind on the top of the electrode." (Quotes from Pgs. 89 and 90, R. I)

It is apparent that the breadth of claim 1 as worded is consistent with Stearns' knowledge of the invention and his first development of a pusher having stationary bearings for rotatably engaging the spring electrode to roll it down a pipeline. He then developed the preferred pusher having the wheels as called for in other claims of the patent such as claims 2, 3, 4, 5, 6 and 8. The fact that Stearns immediately went on to develop his preferred wheeled pusher does not limit the broad claim beyond the wording of the claim.

A Means Plus A Function In A Patent Claim, By Statute, Is To Be Construed As Covering The Structure Shown In The Patent And The "Equivalent Thereof"; The Trial Court Failed To Follow This Rule Of Construction In Holding Claim 1 Indefinite If Broad Enough To Cover Defendants' Holiday Detector

The interpretation or construction to be given claim 1 is specified by statute, 35 U.S.C. 112. This statute also states that the means clause is to be construed as covering the structure shown in the patent and "equivalents thereof". The Trial Court did not follow this prescribed statutory construction in holding that claim 1 was indefinite if broad enough to cover Defendants' holiday detector (F. of F. 36 and 37; R. IV, p. 924). The pertinent portion of the statute is as follows:

"An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, * * * in support thereof, and *such claim shall be construed to cover* the corresponding structure, * * * described in the specification *and equivalents thereof*." (Emphasis ours)

Under this rule of construction, there is no place for a holding of indefiniteness because of a failure to recite structure. The only question to be determined is that of the equivalency of roller bearings and a sleeve bearing on the pusher. This equivalence is so well established that Defendants did not even request a finding of non-equivalence and the Court made none. Roller bearings and sleeve bearings are notoriously known to be full equivalents—the two do the same work in the holiday detectors of the patent and of Defendants, in that they both rotatably engage the spring so as to roll it along the pipe while establishing elec-

trical connection between the spring and the high voltage unit.

Claim 7 Is Admitted Not To Be Restricted To A Wheeled Roller (Finding of Infringement by Model A) And The Substitution Of A Flexible Wire Connection Between The Pusher Bearing And The Carriage Does Not Avoid Infringement On The Basis Of Full Mechanical Equivalence

The doctrine of equivalents has come into the patent law to prevent the unjust usurpation of the true invention of a patent by a ruse of substitution of one equivalent element for another, which does not change the basic mode of operation or the results obtained. It has for its purpose to prevent infringement upon the rights of the patentee by just the ruse here adopted wherein the alleged infringing machine does the same thing in substantially the same way, using substantially the same or equivalent means.

In comparing Defendants' holiday detector with claim 7, it is readily apparent that the flexible connection of the pusher with the carriage allows some relative movement of the carriage and pusher without producing a rolling of the electrode. However, it is equally apparent that in the practical use of the device in the field it is moved along a pipeline as a unit, the operator rolling the carriage and holding the wand in close proximity. As the unit is rolled along, the electrode is pushed in a rolling movement. If this unitary relationship of the pusher and carriage is disrupted, the device cannot serve as a holiday detector. The doctrine of equivalents has been evolved by our courts to protect against just this type of utilization of the invention.

Graver Tank Co. v. Linde Air Products Co., 339 U.S. 605, 607; 94 L. Ed. 1097-1101;

Ry-Lock Company, Ltd. v. Sears, Roebuck & Co.,
C.A. 9, 1955, 227 F. 2d 615, 618; Cert. Denied,
350 U.S. 987; 100 L. Ed. 353;

*Cutter Laboratories, Inc. v. Lyophile-Cryochem Cor-
poration, et al.*, C.A. 9, 1949, 179 F. 2d 80, 89;

Bianchi, et al. v. Barili, C.A. 9 (1948), 168 F. 2d 793,
800.

The *Graver Tank* case stated (U. S. report, page 607;
L. Ed. report, page 1101):

" . . . If accused matter falls clearly within the claim,
infringement is made out and that is the end of it.

"But courts have also recognized that to permit imi-
tation of a patented invention which does not copy
every literal detail would be to convert the protection
of the patent grant into a hollow and useless thing.
Such a limitation would leave room for—indeed en-
courage—the unscrupulous copyist to make unim-
portant and insubstantial changes and substitutions in
the patent which, though adding nothing, would be
enough to take the copied matter outside the claim,
and hence outside the reach of law. One who seeks to
pirate an invention, like one who seeks to pirate a
copyrighted book or play, may be expected to intro-
duce minor variations to conceal and shelter the piracy.
Outright and forthright duplication is a dull and very
rare type of infringement. To prohibit no other would
place the inventor at the mercy of verbalism and
would be subordinating substance to form. It would
deprive him of the benefit of his invention and would
foster concealment rather than disclosure of inventions,
which is one of the primary purposes of the patent
system."

* * *

"What constitutes equivalency must be determined
against the context of the patent, the prior art, and
the particular circumstances of the case. Equivalence,
in the patent law, is not the prisoner of a formula

and is not an absolute to be considered in a vacuum. It does not require complete identity for every purpose and in every respect. In determining equivalents things equal to the same thing may not be equal to each other and, by the same token, things for most purposes different may sometimes be equivalents."

The Trial Court in considering claim 7 in Finding No. 43 (R. IV, p. 926) found as a conclusion that Defendants' Model C-3 detectors were not the equivalent of the pusher and carriage of claim 7 "because they do not do the same work in substantially the same way and do not accomplish the same result". This finding or conclusion is not supported by any finding as to *facts* and is diametrically opposed to the Trial Court's numerous comments made at the hearing on remand. The Trial Court there had before him the physical exhibit of Defendants' Model C-3 detector and the Trial Court's comments lay at rest any doubts as to the fundamental equivalency of Defendants' detector and the patent claim 7. At page 958 of Volume IV of the record, the Court states:

"The Court: Well, it doesn't make any difference what the invention was if you have copied it. It seems to me that here is fundamentally a copy."

At page 967 of Volume IV of the record the Court stated:

"The Court: What you have done here is the plaintiff * * * created their device. The defendants have come around and used the same thing. They have made one change. That is, instead of having the pusher attached permanently to the carriage and attached by means of wheels underneath the tongue, the defendants have used a rod which is connected with the pusher by a wire, and instead of using wheels, they have used a flat surface. *They get ex-*

actly the same result, rotation of the spring pushed along the pipe." (Emphasis ours)

Again, the Court stated at page 954 of Volume IV of the record:

"The Court: The only difference here is that the rolling movement of the spring is caused in the Stearns apparatus by the moving of the carriage, and in the defendant's apparatus by the moving of the arm. Now, that is the only difference there is, absolutely all.

Mr. Gregg: Your Honor, we think the record shows conclusively and convincingly that Stearns regarded—

The Court: I don't care what the record shows. I have got the two apparatuses in front of me. They are exhibits. I can see what they do."

Claim 7 Is Entitled To Broad Range Of Equivalence

The pioneer status of the Stearns invention, where Stearns was an "innovator" by abandoning a frame for the electrode connected so as to pull it from the pipe coating and the first to "roll" the electrode, entitles the claim to a broad range of equivalence.

Hildreth v. Mastoras, 257 U.S. 27 at 36; 66 L. Ed. 112 at 117;

Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405; 52 L. Ed. 1122;

Miller v. Eagle Mfg. Co., 151 U.S. 186, 207; 38 L. Ed. 121, 131;

Morley Sewing Machine Co., et al. v. Lancaster, 129 U.S. 263, 273; 32 L. Ed. 715, 719.

Application Of Rule Of Equivalence Does Not Render Claim Indefinite

That such a claim is not rendered indefinite just because it is given the range of equivalence commensurate with its status in the art of holiday detection is so basic as to require no citation of authority. The ruling of indefiniteness has no factual, legal or logical basis.

The claim is clearly entitled to encompass a holiday detector having a carriage with a pusher carried thereby in any manner so as to propel the spring electrode in a rolling movement. The translation of the longitudinal movement of the carriage and pusher to the rolling movement of the electrode is the novel concept of this claim and is accomplished by Defendants' instrument.

It Is Not A Misuse Of The Patent For Stearns To Lease Only Whole Holiday Detectors And Not Engage In A Parts Business

For the purpose of argument, it will be assumed that Stearns refused to lease the carriage, electrode and pusher of its detectors without the electrical components, but under a later heading it is emphasized Stearns has never refused to lease or sell these parts and there is no evidence of such refusal.

It is important to note at the outset that Stearns' lease agreement contains no tie-in clause. It requires payment of rental only for periods of actual use of Stearns' machines and does not exact as a condition of lease the purchase or lease of any other material or any number of machines.

The contention that it is a misuse of a patent for a combination for the patent owner to sell only whole systems and to refuse to sell or lease a skeleton made up of only the

elements specifically recited in the claims has been turned down by the courts.

Electric Pipe Line, Inc. v. Fluid Systems, Inc., C.A. 2, 1956, 231 F. 2d 370;

Great Lakes Equipment Co. v. Fluid Systems, Inc., C.A. 6, 1954, 217 F. 2d 613 at 619;

Vulcan v. Maytag, C.A. 8, 1934, 73 F. 2d 136, 139.

In the *Electric Pipe Line* case, the Court stated at page 372:

"Plaintiff's complaint, * * * is that defendant will not sell these component parts, which are designed and manufactured according to defendant's specifications, except in connection with defendant's 'Lines Thermal Electric System'. The question thus arises whether it is a misuse of the monopoly conferred by the Lines combination patent for defendant to insist that its oil transportation system only be used where the unpatented component parts are procured from it."⁹

* * *

"In this case, the sale of unpatented components is incidental to the sale of the system as a whole, even though Fluid's revenue is derived from the sale of the components. Where the owner of a combination patent designs the installation and guarantees its performance, it is not an unreasonable use of the patent to insist that the components of the patented system be obtained from it. See *Great Lakes Equipment Co. v. Fluid Systems, Inc.* supra, 217 F. (2) at p. 619."

If the ruling of misuse by the Trial Court is allowed to stand in this Circuit, the ultimate consequences will be that no industry having a patented article of manufacture will be able to continue its business without offering for sale

⁹ "These components include electrical transformers, thermostats, tank heaters, fuel oil heaters, panel boxes, insulated couplings and insulated flanges.", page 371.

a skeleton device made up of only exactly those elements specifically recited in the patent claim. Patented lawnmowers would have to be sold without handles and wheels, patented light bulbs without the male part to screw into the socket or perhaps the glass envelope, patented shoes without the shoe strings or metal rings for the eyes through which the strings pass, and nearly all devices without their housings, protective paints or lubricants.

Such a holding is so illogical as to be repugnant to common sense and reason and is directly opposed to the purpose of the patent system as stated in the Constitution, "to promote the progress of science and useful arts" (Art. I, Sec. 8).

The special nature of the design of the Stearns holiday detector is visually apparent from an examination of the Stearns detector, Plfs'. Ex. 17. The clear plastic case displays the special design of the electrical components and illustrates that the case itself is at one time the support for the electrical parts, a portion of the carriage and the handle for pushing the device. This integrated design has for its purpose the reduction in over-all size, the protection of the intricate portions of the device from the weather and dirt, and the streamlining of the device.

The facts of this case present no special aspect to justify departure from the rule announced in the other circuits. To the contrary, they present the perfect example of the fulfillment of the very purpose of the patent laws, the establishment of a small business based on the patent, and making available the patented equipment in the most perfect form possible. There is no evidence of a monopoly outside the patent itself nor any contractual tie-in of unpatented equipment. The absence of actual monopoly is attested by the total annual gross revenue of Stearns in the last year prior

to the trial which was only "approximately a quarter of a million dollars" (Stearns, R. II, p. 570). Certainly no monopoly in electrical apparatus.

This case is factually distinguishable from the principal case relied upon by Defendants of *Cardox Corporation v. Armstrong Coal Break Co.*, C. A. 7, 1952, 194 F. 2d 376. There the patent covered a cartridge and its valving for holding and quickly releasing compressed air. The patent owner made it available only as a part of a complete coal breaking apparatus arbitrarily termed an "Airdox Unit". The unit included truck loads of pipe, tubing and couplings; also a compressor, a motor, four blow-down valves, three line valves and three unions, etc. In other words, one of the classical examples of a tie-in.

The financial return for this equipment of the so-called "unit" was based upon the total tonnage of coal broken by the buyer annually, regardless of whether or not it was broken by this equipment. The court there held that the method of payment coupled with this restriction of the use of the cartridge to the other apparatus was a tie-in.

Stearns' business policy on the other hand is in a patented holiday detector, not some arbitrary unit. Stearns doesn't make the holiday detector available on the basis of the purchase of other pipeline equipment as coating, wrapping or machines for applying it. Just straight rental for money of holiday detectors.

There Is No Evidence To Support The Conclusion That Stearns Refuses To Make Available Its Electrode, Pusher And Carriage Except As A Complete Holiday Detector

Stearns testified that the Stearns Company did business in complete holiday detectors and that its parts business was

only for repair of its own holiday detectors (Stearns, R. I, p. 166). From this statement, the Trial Court concluded that Stearns refused to lease the electrode-pusher-carriage combination except as "tied to the electrical apparatus" (F. of F. 51(c), R. IV, p. 927). This conclusion was drawn in absence of any testimony that there was a market for the electrode-pusher-carriage combination, or that any one ever offered to buy or lease that particular apparatus that the Trial Court found Stearns refused to sell (F. of F. 47(a), R. IV, p. 927).

When the integrated character of the Stearns holiday detector is considered by reference to the physical exhibit Plfs'. Ex. 17, it is obvious that a market for the electrode-pusher-carriage, stripped of the "electric apparatus" in all probability just doesn't exist. This strong presumption, as a matter of law, cannot be overcome without some affirmative testimony. It certainly isn't supported by Stearns' testimony at page 166 of Volume I:

"Q. Mr. Stearns, does the D. E. Stearns Company sell or lease any parts of holiday detectors?

A. No, sir.

Q. They do not?

A. Except as replacement parts. If the damage to a machine is beyond the scope of ordinary wear and tear, a charge is made for repairs."

Neither does Rasor's testimony that Defendants do a substantial parts business for their own machines support the conclusion of Findings 51(c) or 54 that Stearns monopolizes the sale of electrical apparatus by *refusing* to sell the electrode-pusher-carriage combination alone (R. IV, p. 927 and p. 928). The price lists of Defendants (Physical Exhibits, Defs'. Ex. W and Y) show that the components of Defendants' different models are different with different

parts numbers. This further illustrates the special design of holiday detector components and the need for affirmative evidence to support the conclusion that Stearn *refuses* to sell the electrode-pusher-carriage combination except as a whole machine. Razor testified at length as to the different electrical system used. Their C series were alternating current, the D series direct current, and Stearns used an impulse generator. The Defendants have utterly failed to meet their burden of proof of the defense of misuse of the patent.

A Refusal To Do Business Is Not A Tie-In In The Legal Sense That Has Been Condemned By The Courts. Instead, The Courts Have Condemned The Doing Of Business Upon A Tie-In Basis

The courts, including this Circuit, have held that it is not illegal to refuse to sell a device, patented or unpatented, unless other materials are purchased, but that it is illegal only where a device is *sold* with an agreement to take other material. Thus, the conclusion of the Trial Court that Stearns *refused* to sell the electrode-pusher-carriage combination was a misuse of the patent is erroneous, as a matter of law, for this additional reason.

United States v. Colgate & Co., 250 U.S. 300, at 307; 63 L. Ed. 992, at 997;

Leo J. Meyberg Co. v. Eureka Williams Corporation, C. A. 9, 1954, 215 F. 2d 100; Cert. Denied, 348 U.S. 875; 99 L. Ed. 689;

Hunter Douglas Corp. v. Lando Products, Inc., C. A. 9, 1954, 215 F. 2d 372, 376;

Nelson Radio & Supply Co., Inc. v. Motorola, Inc., C. A. 5, 1952, 200 F. 2d 911, at 915; Cert. Denied 345 U.S. 925; 97 L. Ed. 1356.

Stearns has, under the above authority, the unequivocal right to make what it wants to and to lease what it wants to.

It has chosen to make complete holiday detectors and leases them to anyone desiring same because that is what the market demands. Even if it *refused* to make and lease the "electrode-pusher-carriage" skeleton without the "electrical apparatus", such *refusal* is no tie-in because a bare refusal to do business is not a tie-in in the legal sense.

Stearns' Licensing Program, In Exacting A Royalty Of \$250.00 For The Practice Of The Invention For Eight Years, Is Both Reasonable And Legal

The Trial Court reasoned that the royalty of Stearns was so high compared with the price of Defendants' pusher wand and electrode, that licensees would be driven to deal only in whole holiday detectors (F. of F. 60, R. IV, p. 929). Even if this were true there is, as a matter of law, nothing illegal with the licenses. They could have been expressly restricted to just that.

Vulcan Mfg. Co. v. Maytag Co., C. A. 8, 1934, 73 F. 2d 136, 138-139.

In the *Vulcan* case, Maytag had a patent on a swinging wringer attachment for washing machines. Vulcan was licensed to make and sell attachments "for use only in connection with and as a part of power-operated washing machines of the general type and design shown in the circular attached". The license didn't extend to attachments sold separately. The suit was one for infringement for sale of washers outside the license and the alleged illegality of the license was raised as a defense. The Court in overruling this defense said:

". . . Obviously, the patentee is not compelled to choose between granting full and complete use under

the patent or granting no use. He may attach such limitations upon the use as do not go beyond the influence of his complete monopoly without granting licenses. Under the situation here, it is clear that this limitation in the license to use of the patented attachments to certain types of washing machines is well within the monopoly of the patent. * * * None of appellant's rights are invaded by this limitation, since it may cease using the patented device and manufacture any character of washing machines it desires with any other wringer and gearing attachments or with no such attachments."

However, the only condition Stearns exacts is the payment in money of royalties. The payment of money has never been held an unreasonable exercise of the patentee's right to exclude all others from the making, using or selling of the patented invention.

Actually, the royalty of \$250.00 for the life of the patent (more than eight years at time of trial) or \$31.25 a year, is extremely reasonable, especially for a patent such as Stearns' which this Court found was "a patent for an improvement which fills a long felt need, which those schooled in the art had not been able to devise before the patentee, and which meets with acceptance in the market"; 220 F. 2d 49, at 58.

In Findings 58 and 59, (R. IV, p. 929) which compare the cost of one Defendants' pushers and contactors and electrodes with the royalty, the lower Court failed to consider the following undisputed facts:

1. During the life of the patent, numerous electrodes (for each pipe size) and pusher contactors will be required and obtainable by the licensee from any source at no extra royalty (Rasor, R. II, p. 462).

2. The value of the invention and the resultant reasonableness of the license fee is shown by Rasor's testimony that Defendants, on their rental machines, would recover the full \$250.00 royalty in approximately one month (Rasor, R. II, p. 466).
3. One of Defendants' C-3 machines rented fifty weeks a year at Defendants' established rental rates would produce \$25,000.00 in eight years. \$250.00 would be a 1% royalty.
4. Compared to the value of the invention to the pipeline companies in protecting multi-million dollar investments, the license fee of approximately \$31.25 per year is nominal.

By statute the right of the patentee is that of excluding others from practicing the invention. Title 35, Sec. 154, of U.S.C. provides:

"Every patent shall contain * * * a grant * * * of the right to exclude others from making, using, or selling the invention throughout the United States * * *."

Stearns, by granting and offering to grant licenses has partially relinquished this right of exclusion instead of having restrained trade. This relinquishment is upon a basis that has no tie-in clause, price fixing or other entanglements, and the Trial Court made no findings to the contrary. The terms are, from the legal standpoint, reasonable *for they only exact a money royalty.*

E. Bement & Sons v. National Harrow Co., 186 U.S. 70, at 91; 46 L. Ed. 1058, at 1069;

United States v. General Electric Co., 272 U.S. 476, 489; 71 L. Ed. 362, 370;

Vulcan Mfg. Co. v. Maytag Co., C.A. 8, 1934, 73 F. 2d 136, 139.

In the *General Electric* case, it is stated at page 489 of the U. S. report, and at page 370 of the L. Ed. report:

" . . . Conveying less than title to the patent or part of it, the patentee may grant a license to make, use and vend articles under the specifications of his patent *for any royalty* or upon any condition the performance of which is reasonably within the reward which the patentee * * * is entitled to secure."

CONCLUSION

Claim 1 is infringed directly by Defendants' machines utilizing their pusher wands and spring electrodes of the type used in their C-3 series. The term "means rotatably engaging" is met squarely by this equipment, and this construction is commensurate with the status of the invention in the art. The patent as a whole and the file wrapper support these truisms.

Claim 7 is not met directly by Defendants' C-3 series, but the pioneer status of this invention, within the realm of rolling a spring electrode while supporting the electrical apparatus in a carriage which rides the pipe, entitles the claim to a broad range of equivalence. Defendants' detectors, exemplified by their C-3 model, with the substitution of the flexible wire connection between the carriage and wand for the rigid connection of Stearns, falls easily within this range of equivalence. The longitudinal movement of the carriage and wand is translated into the rolling movement of the electrode. The weight of the apparatus is supported by the pipe as a track. Thus, the work done is the

same, the equipment is substantially the same, and the function is the same.

Stearns' method of doing business is legal, logical and reasonable. The industry wants whole machines and requires parts only for repairing those machines on hand. Stearns hasn't refused to sell the electrode-pusher and carriage apart from the electrical apparatus. There just isn't any market for them. Even if it did, it is not a misuse, first because it is not a "tie-in" to sell a complete machine even though the patent refers only to a part of its components, and secondly the illegal tie-in is selling upon an agreement to take something else, not a *refusal* to sell separately.

Stearns' lease and licenses require nothing of the lessee or licensee but the payment of money. They are notably free of restrictions frequently found in such instruments and show no intent on Stearns' part of snubbing up to the letter of the law to squeeze the last measure of reward from the patent.

Respectfully submitted,

H. CALVIN WHITE
611 Wilshire Boulevard
Los Angeles 17, California
*Attorney for Plaintiffs-
Appellants*

Of Counsel:

BROWNING, SIMMS & HYER
RALPH R. BROWNING
JAMES B. SIMMS
3303 Montrose Boulevard
P. O. Box 6026
Houston 6, Texas

CERTIFICATE OF SERVICE

Three copies of the foregoing PLAINTIFFS-APPELLANTS' BRIEF ON SECOND APPEAL have been served upon the Defendants-Appellees this____day of_____, 1956, by mailing three copies to Edward B. Gregg, attorney of record for Appellees, at 410 Mills Building, San Francisco 4, California, the same being the last address of Edward B. Gregg known to Appellants and Appellants' attorneys, these copies being sent through United States mail, postage prepaid.

APPENDIX

EXHIBIT A

CLAIM 1: STEARNS PATENT No. 2,332,182

An electrical exploring device for detecting defects in an insulating coating on an elongated member which comprises

- (an exploring electrode
- Yellow (
- (in the form of a coiled spring adapted
- (
- (to extend about such member and
- (
- (having its ends secured together to
- Blue (
- (completely embrace such member,
- (and means
- (
- (rotatably engaging and forming a
- (
- (movable electrical contact with
- (
- Green (said spring
- (
- (at a position remote from the surface
- (
- (of said member
- (
- (for connecting said spring to a high
- (
- (voltage testing circuit and for rolling
- (
- (said spring along such elongated member.

EXHIBIT B

CLAIM 7: STEARNS PATENT NO. 2,332,182

In a device of the character described,

(
 Brown (a carriage comprising a platform on wheels,
 (
 (an exploring electrode
 (
 (in the form of a flexible elongated
 (
 (member of circular cross section and
 Yellow (of an electrically conductive material
 (
 (adapted to embrace such member adjacent
 (
 (said carriage,
 (and an electrode pusher and contactor
 (
 (carried by and electrically insulated
 (
 Green (from said platform and
 (
 (having parts in electrical and
 (
 (mechanical contact with said electrode

whereby movement of said carriage longitudinally
 along a member to be tested will cause a rolling
 movement of said electrode along such member.

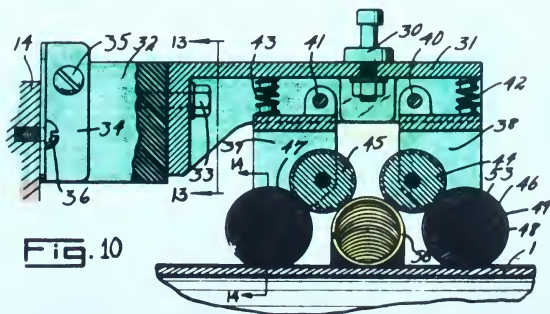
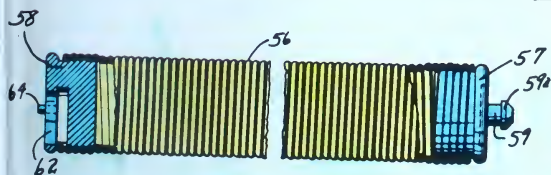
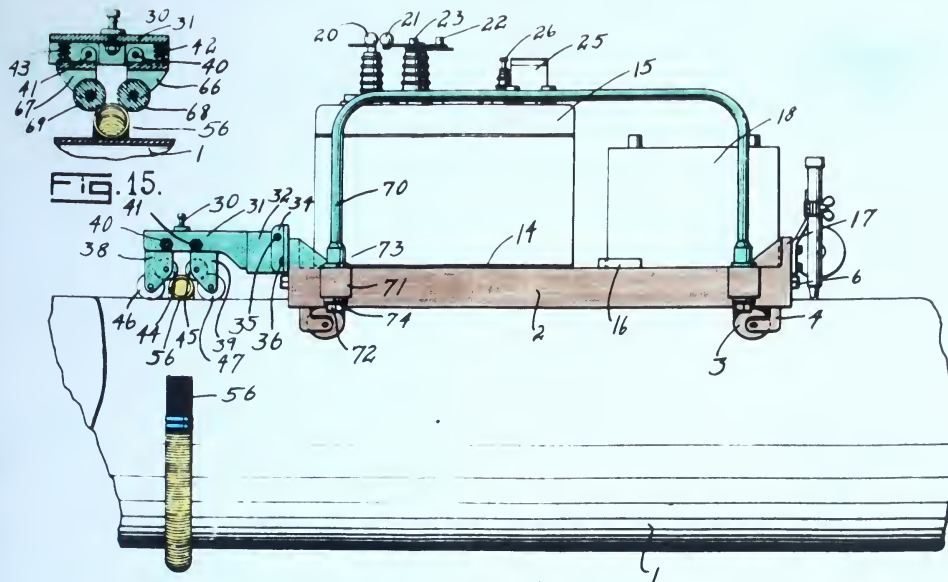


Fig. 10

EXHIBIT C

D. E. STEARNS
INSULATION TESTING DEVICE

Filed Aug. 23, 1941

2.332.182

At the right is shown Defendants' Model C-3 holiday detector. This is a drawing of Plaintiffs' Physical Exhibit 26-A, 26-B and 26-C. The parts are shown in operating position on a coated pipeline and the pusher wand is held in the position shown by the operator in operating the instrument. The pusher wand has the semi-sleeve bearing engaging the spring electrode for rolling it and making electrical contact, and is connected to the carriage through the flexible insulated electric cord.

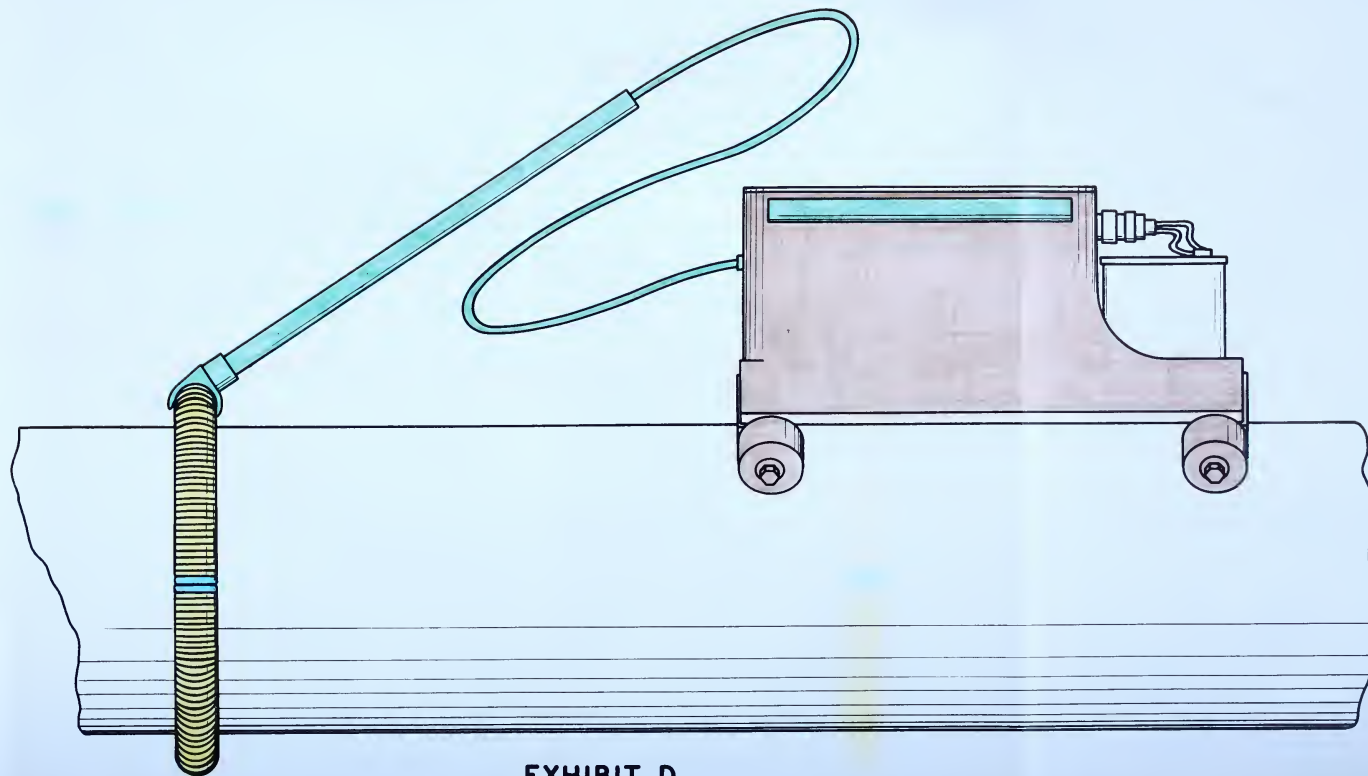


EXHIBIT D
DEFENDANTS' HOLIDAY DETECTOR





STANDARD LEASE AGREEMENT
STEARNS ELECTRONIC HOLIDAY DETECTOR
PIPE LINE USE

RENTAL SCHEDULE

The "RENTAL PERIOD" of each Detector shall be construed as beginning with the date on which the Detector is received by the LESSEE, and as ending with the date on which the Detector is received by STEARNS at Shreveport, Louisiana. Progress data shall be reported to Stearns by the LESSEE within ten (10) days after return of the Detector; and at such intermediate times during the "RENTAL PERIOD" as Stearns may request, but not oftener than once each calendar month. The rental charge shall be calculated on the basis of the linear pipe line footage at the appropriate rate as set forth in the table below:

Normal Pipe Size	Per Foot	Per Mile	Normal Pipe Size	Per Foot	Per Mile
6" or under	34¢	\$26.40	16"	0.625¢	\$33.00
8"	0.525¢	27.72	18"	0.650¢	34.32
10"	0.550¢	29.04	20"	0.675¢	35.64
12"	0.575¢	30.36	22"	0.700¢	36.96
14"	0.600¢	31.68	24"	0.725¢	38.28
			26" or over	34¢	39.60

PROVIDED, however, that the rental charge for each Detector during the "RENTAL PERIOD" shall be not less than an amount computed at Five Dollars (\$5.00) per calendar day nor more than an amount computed at Fifteen Dollars (\$15.00) per calendar day.

PROVISIONS TO BE IN EFFECT DURING THE "RENTAL PERIOD"

1. Stearns shall initially furnish two storage batteries with each Detector, at a job rental charge of \$15.00 for each battery, along with a suitable battery charger at no additional cost to LESSEE. LESSEE shall maintain batteries and, if required, may obtain additional batteries from Stearns at \$15.00 each. All batteries shall remain the property of Stearns and all useable batteries shall be returned with the Detector.
2. LESSEE shall furnish operating personnel for the Detector. Such operating personnel shall be of reliable and responsible nature in order to insure proper handling and care of the Detector.
3. LESSEE shall strictly follow Stearns' "Operating Instructions" for the care and operation of the Detector.
4. LESSEE assumes all public liability and holds Stearns harmless against any suit or claim for personal injury or property damage arising from the use or handling of the Detector.
5. Stearns shall promptly investigate the need of any proposed repairs upon receipt of request therefor from LESSEE.
6. LESSEE shall be responsible for loss of, and/or damage to the Detector and appurtenant equipment and shall pay for all repairs and spare parts except those necessitated by ordinary wear and tear.
7. All transportation charges to and from Shreveport, Louisiana, shall be borne by LESSEE.
8. All shipments of Detectors shall be by Railway Express, or by Air Freight, or by Air Express, unless otherwise authorized by Stearns.
9. All shipments of Detectors, by any carrier, shall be insured for One Thousand Dollars (\$1,000.00).
10. LESSEE shall not sub-let the Detector for use by others.

ACCEPTED:

LESSEE Company

By _____
Signature of Authorized Representative

Please Print or Type Name of Above Signatory

Title of Signatory

Date of Acceptance

THE D. E. STEARNS COMPANY

By _____
Signature of Authorized Representative

Date of Acceptance

EXHIBIT E

License Agreement

THIS AGREEMENT made and entered into as of the _____ day of _____, 19____, by and between
The D. E. Stearns Company, a partnership, of Shreveport, Louisiana, hereinafter called Licensor, and _____
of _____
hereinafter called Licensee

WITNESSETH: That,

WHEREAS the Licensor is the owner of the entire right, title and interest in and to Letters Patent of the United States Number 2,332,182, issued October 19, 1943; and Licensee desires to secure a non-exclusive license to make or have made and to sell but not to use or lease electrode and electrode pusher combinations covered by the aforesaid Letters Patent, and Licensor is willing to grant the same.

NOW, THEREFORE, in consideration of the payment by Licensee to Licensor of the royalties hereinafter specified, the parties hereto have agreed:

I Licensor hereby grants unto Licensee the non-exclusive right and license to make or have made and to sell but not to use or lease electrode and electrode pusher combinations covered by the aforesaid Letters Patent throughout the United States, its territories and possessions, subject to the following terms and conditions.

II Licensee shall cause to be prominently placed upon each and every electrode and electrode pusher combination sold by Licensee under this license, a notice as required by Statute, showing the same to be covered by the aforesaid Letters Patent, and Licensee hereby acknowledges the validity of the aforesaid Letters Patent and Licensor's title thereto and agrees not to contest the same.

III Licensee agrees to render a written report to Licensor on or before the twentieth (20th) day of each calendar month showing the number of such electrode and electrode pusher combinations sold by Licensee under this license during the calendar month next preceding; and to pay to Licensor at the time of making such report a royalty equal to two hundred fifty dollars (\$250.00) for each such combination sold by Licensee during said next preceding calendar month; provided, however, that when a particular electrode and electrode pusher combination is sold for use with a particular high voltage unit, Licensee may cause to be attached permanently to such high voltage unit a plate or label which Licensor will furnish upon payment of each royalty of two hundred fifty dollars (\$250.00) hereinabove specified, said plate or label bearing a serial number and a notice that there is a license running with such unit for the use with such unit of electrode and electrode pusher combinations covered by the aforesaid patent, and Licensee may thereafter sell replacement electrode and electrode pusher combinations and parts thereof for use with the same high voltage unit and/or any other high voltage unit bearing such plate or label furnished or authorized by Licensor, without payment of further royalty thereon, but shall place upon each such combination or part or the container therefor a notice that same is licensed for use only with high voltage unit or units which have a license to use said combination running therewith. Nothing herein shall be construed as a license under any patent not identified herein or to use any particular high voltage unit or type thereof, or any equipment other than the electrode and electrode pusher combination and parts thereof, and nothing herein shall be construed as a restriction upon the type or make of high voltage unit with which said combination may be employed.

IV Licensee shall keep full and complete books of account relating to all sales of combinations and parts thereof under this license, and shall give Licensor or his representative full access thereto at all times during regular business hours.

V In the event that Licensee shall default in connection with any of the conditions of this agreement by failure to comply therewith, Licensor may terminate this agreement and the License herein granted upon thirty (30) days' notice in writing to Licensee; provided, however, that if Licensee shall, within said thirty (30) day period, make good such default, such notice shall be thereby rendered void and this agreement shall continue in full force and effect. No termination of this agreement shall affect Licensee's obligation to pay royalties accrued prior to such termination.

VI The License herein granted shall be personal to and not assignable by the Licensee without the consent of Licensor. This agreement shall inure to the benefit of the parties hereto, their successors and assigns.

IN WITNESS WHEREOF Licensor has hereunto fixed his signature and Licensee has caused these presents to be executed by its officers thereunto duly authorized.

Licensor: THE D. E. STEARNS COMPANY

By _____

Licensee: _____

By: _____

ATTEST:

Corporate Seal

Secretary



License Agreement

THIS AGREEMENT made and entered into as of the _____ day of _____, 19____, by and between
The D. E. Stearns Company, a partnership, of Shreveport, Louisiana, hereinafter called Licensor, and _____
of _____
hereinafter called Licensee

WITNESSETH: That,

WHEREAS the Licensor is the owner of the entire right, title and interest in and to Letters Patent of the United States Number 2,332,182, issued October 19, 1943; and Licensee desires to secure a non-exclusive license to make or have made and to use or lease but not to sell electrode and electrode pusher combinations covered by the aforesaid Letters Patent, and Licensor is willing to grant the same.

NOW, THEREFORE, in consideration of the payment by Licensee to Licensor of the royalties hereinafter specified, the parties hereto have agreed:

I Licensee hereby grants unto Licensee the non-exclusive right and license to make or have made and to use or lease but not to sell electrode and electrode pusher combinations covered by the aforesaid Letters Patent throughout the United States, its territories and possessions, subject to the following terms and conditions.

II Licensee shall cause to be prominently placed upon each and every electrode and electrode pusher combination used or leased by Licensee under this license, a notice as required by Statute, showing the same to be covered by the aforesaid Letters Patent, and Licensee hereby acknowledges the validity of the aforesaid Letters Patent and Licensor's title thereto and agrees not to contest the same.

III Licensee agrees to render a written report to Licensor on or before the twentieth (20th) day of each calendar month showing the greatest total number of electrode and electrode pusher combinations in use and on lease by Licensee at any one time during the next preceding calendar month; and to pay to the Licensor at the time of making such report a royalty equal to two hundred fifty dollars (\$250.00) for each such combination in excess of the total number of such combinations for which Licensee and its lessees hold certificates of paid up royalty as hereinafter described. Upon payment of each royalty of two hundred fifty dollars (\$250.00) Licensor will issue to Licensee a certificate in durable form that royalty has been fully paid for a license to the holder thereof, as agent or lessee of the Licensee to use one electrode and electrode pusher combination covered by the aforesaid Letters Patent, and such certificate shall be good for the life of said Letters Patent. The possession of each such duly issued certificate shall be sufficient evidence that the holder thereof, when acting as agent or lessee of Licensee, is authorized to use one such combination, and shall authorize the holder thereof to use different such combinations from time to time, but one such certificate shall not authorize the use of more than one such combination at any one time. Such certificate, in order to serve as authority to use one such combination shall be kept available on the job at all times during the use of such combination and shall be exhibited to an agent or representative of Licensor upon demand. Nothing herein shall be construed as a license under any patent not identified herein or to use any particular high voltage unit or type thereof or any equipment other than the electrode and electrode pusher combination and parts thereof, and nothing herein shall be construed as a restriction upon the type or make of high voltage unit with which said combination may be employed.

IV Licensee shall keep full and complete books of account relating to all use and lease of combinations under this license, and shall give Licensor or his representative full access thereto at all times during regular business hours.

V In the event that Licensee shall default in connection with any of the conditions of this agreement by failure to comply therewith, Licensor may terminate this agreement and the License herein granted upon thirty (30) days' notice in writing to Licensee; provided, however, that if Licensee shall, within said thirty (30) day period, make good such default, such notice shall be thereby rendered void and this agreement shall continue in full force and effect. No termination of this agreement shall affect Licensee's obligation to pay royalties accrued prior to such termination, nor shall any termination of this agreement affect the continued validity of any certificate of paid up royalty issued hereunder.

VI The License herein granted shall be personal to and not assignable by the Licensee without the consent of Licensor. This agreement shall inure to the benefit of the parties hereto, their successors and assigns.

IN WITNESS WHEREOF Licensor has hereunto fixed his signature and Licensee has caused these presents to be executed by its officers thereunto duly authorized.

Licensor: THE D. E. STEARNS COMPANY

ATTEST:

Corporate Seal

By _____

Licensee:

Secretary

By: _____

